



# Senate

General Assembly

**File No. 30**

January Session, 2009

Senate Bill No. 812

*Senate, March 3, 2009*

The Committee on Higher Education and Employment Advancement reported through SEN. HANDLEY of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

## **AN ACT CONCERNING FEES ASSESSED TO PRIVATE OCCUPATIONAL SCHOOLS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 10a-22b of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2009*):

4 (c) Each person, board, association, partnership, corporation, limited  
5 liability company or other entity which seeks to offer occupational  
6 instruction shall submit to the commissioner, or the commissioner's  
7 designee, in such manner as the commissioner, or the commissioner's  
8 designee, prescribes, an application for a certificate of authorization  
9 which includes, but need not be limited to, (1) the proposed name of  
10 the school; (2) ownership and organization of the school including the  
11 names and addresses of all principals, officers, members and directors;  
12 (3) names and addresses of all stockholders of the school, except for  
13 applicants which are listed on a national securities exchange; (4)

14 addresses of any building or premises on which the school will be  
15 located; (5) description of the occupational instruction to be offered; (6)  
16 the proposed student enrollment agreement, which includes for each  
17 program of occupational instruction offered a description, in plain  
18 language, of any requirements for employment in such occupation or  
19 barriers to such employment pursuant to state law or regulations; (7)  
20 the proposed school catalog, which includes for each program of  
21 occupational instruction offered a description of any requirements for  
22 employment in such occupation or barriers to such employment  
23 pursuant to state law or regulations; (8) financial statements detailing  
24 the financial condition of the school prepared by management and  
25 reviewed or audited by an independent licensed certified public  
26 accountant or independent licensed public accountant; and (9) an  
27 agent for service of process. [Submitted with an] Each application for  
28 initial authorization shall be accompanied by a nonrefundable  
29 application fee [in the amount of two thousand dollars] made payable  
30 to the private occupational school student protection account in the  
31 amount of two thousand dollars for the private occupational school  
32 and two hundred dollars for each branch of a private occupational  
33 school in this state.

34 Sec. 2. Section 10a-22d of the general statutes is repealed and the  
35 following is substituted in lieu thereof (*Effective July 1, 2009*):

36 (a) After the initial year of approval and for the next three years of  
37 operation as a private occupational school, renewal of the certificate of  
38 authorization shall be required annually.

39 (b) Following the fourth year of continuous authorization, a renewal  
40 of the certificate of authorization, if granted, shall be for a period not to  
41 exceed five years and may be subject to an evaluation pursuant to  
42 subsections (e) and (f) of section 10a-22b, provided no private  
43 occupational school shall operate for more than five additional years  
44 from the date of any renewal without the completion of an evaluation  
45 pursuant to subsections (e) and (f) of section 10a-22b.

46 (c) Renewal of the certificate of authorization shall be granted only

47 upon (1) [the annual fee] payment of a nonrefundable renewal fee to  
48 the Board of Governors [of a nonrefundable fee] in the amount of two  
49 hundred dollars [,] for the private occupational school and [an  
50 additional fee of] two hundred dollars for each branch of a private  
51 occupational school, [under section 10a-22g,] (2) submission of any  
52 reports or audits concerning the fiscal condition of the school or its  
53 continuing eligibility to participate in federal student financial aid  
54 programs, (3) the filing with the commissioner of a complete  
55 application for a renewed certificate of authorization not less than one  
56 hundred twenty days prior to the termination date of the most recent  
57 certificate of authorization, and (4) a determination that the  
58 occupational school meets all the conditions of its recent authorization.

59 (d) If the commissioner, or the commissioner's designee, determines,  
60 at any time during a school's authorization period, that such school is  
61 out of compliance with the conditions of authorization under sections  
62 10a-22a to 10a-22o, inclusive, as amended by this act, and any  
63 applicable regulations of Connecticut state agencies, the school may be  
64 placed on probation for a period not to exceed one year. If, after the  
65 period of one year of probationary status, the school remains out of  
66 compliance with the conditions of authorization, the commissioner  
67 may revoke such school's certificate of authorization to operate as a  
68 private occupational school pursuant to section 10a-22f. During the  
69 school's period of probation, the school shall post its probationary  
70 certificate of authorization in public view. The Department of Higher  
71 Education may publish the school's probationary certificate of  
72 authorization status.

73 (e) Notwithstanding the provisions of sections 10a-22a to 10a-22o,  
74 inclusive, as amended by this act, the commissioner may authorize the  
75 extension of the most recent certificate of authorization for a period not  
76 to exceed sixty days for good cause shown, provided such extension  
77 shall not change the date of the original certificate's issuance or the  
78 date for each renewal.

79 (f) After the first year of authorization, each private occupational

80 school shall pay a nonrefundable annual fee to the private  
81 occupational school student protection account in the amount of two  
82 hundred dollars for the private occupational school and two hundred  
83 dollars for each branch of a private occupational school. The annual fee  
84 shall be due and payable for each year after the first year of  
85 authorization that the private occupational school and any branch of a  
86 private occupational school is authorized by the commissioner to offer  
87 occupational instruction. Such annual fee shall be in addition to any  
88 renewal fee assessed under this section.

89       Sec. 3. Subsection (a) of section 10a-22e of the general statutes is  
90 repealed and the following is substituted in lieu thereof (*Effective July*  
91 *1, 2009*):

92       (a) During any period of authorization by the commissioner to  
93 operate as a private occupational school pursuant to sections 10a-22a  
94 to 10a-22o, inclusive, as amended by this act, and sections 10a-22u to  
95 10a-22w, inclusive, as amended by this act, such private occupational  
96 school may request revision of the conditions of its authorization. Such  
97 school shall make such request to the commissioner, in the manner and  
98 on such forms prescribed by the commissioner sixty days prior to the  
99 proposed implementation date of any intended revision. Such revision  
100 shall include, but not be limited to, changes in (1) courses or programs;  
101 (2) ownership of the school; (3) name of the school; (4) location of the  
102 school's main campus; or (5) location of any of the school's additional  
103 classroom sites or branch campuses. A private occupational school  
104 requesting revision of the conditions of its authorization based on a  
105 change in ownership of the school shall submit an application and  
106 letter of credit pursuant to sections 10a-22b, as amended by this act,  
107 and 10a-22c, accompanied by a nonrefundable change of ownership  
108 fee made payable to the private occupational school student protection  
109 account under section 10a-22u, as amended by this act, in the amount  
110 of two thousand dollars for the private occupational school and two  
111 hundred dollars for each branch of a private occupational school in  
112 this state.

113 Sec. 4. Subsection (b) of section 10a-22g of the general statutes is  
114 repealed and the following is substituted in lieu thereof (*Effective July*  
115 *1, 2009*):

116 (b) The buildings and premises for such additional classroom site or  
117 branch school shall meet all applicable state and local fire and zoning  
118 requirements, and certificates attesting the same signed by the local  
119 fire marshal and zoning enforcement officer shall be filed with the  
120 commissioner prior to offering such occupational instruction. The  
121 additional classroom site or branch school shall be in compliance with  
122 the relevant requirements set forth in subsection (f) of section 10a-22b.  
123 [A nonrefundable fee in the amount of two hundred dollars for each  
124 branch school shall be paid annually into the private occupational  
125 school student protection account.]

126 Sec. 5. Section 10a-22y of the general statutes is repealed and the  
127 following is substituted in lieu thereof (*Effective July 1, 2009*):

128 Notwithstanding the provisions of section 10a-22d, as amended by  
129 this act, the authorization period for each hospital-based occupational  
130 school described in subsection (g) of section 10a-22b shall be three  
131 years. Each hospital-based occupational school shall pay a renewal fee  
132 of two hundred dollars for renewal of its certificate of authorization.  
133 [Such] Each hospital-based occupational school shall pay an annual fee  
134 of two hundred dollars for each year after the first year of  
135 authorization that the hospital-based occupational school is authorized  
136 by the commissioner to offer occupational instruction. The renewal fee  
137 and the annual fee shall be payable to the private occupational school  
138 student protection account. Each hospital-based occupational school  
139 shall pay one-half of one per cent of its net tuition revenue received by  
140 such school per calendar quarter into the private occupational school  
141 student protection account, in accordance with section 10a-22u, as  
142 amended by this act.

143 Sec. 6. Subsection (a) of section 10a-22u of the general statutes is  
144 repealed and the following is substituted in lieu thereof (*Effective July*  
145 *1, 2009*):

146 (a) There shall be an account to be known as the private  
147 occupational school student protection account within the General  
148 Fund. Each private occupational school authorized in accordance with  
149 the provisions of sections 10a-22a to 10a-22o, inclusive, as amended by  
150 this act, shall pay to the State Treasurer an amount equal to one-half of  
151 one per cent of the tuition received by such school per calendar quarter  
152 exclusive of any refunds paid, except that correspondence and home  
153 study schools authorized in accordance with the provisions of sections  
154 10a-22a to 10a-22o, inclusive, as amended by this act, shall contribute  
155 to said account only for Connecticut residents enrolled in such schools.  
156 Payments shall be made by January thirtieth, April thirtieth, July  
157 thirtieth and October thirtieth in each year for tuition received during  
158 the three months next preceding the month of payment. In addition to  
159 amounts received based on tuition, the account shall also contain any  
160 amount required to be deposited into the account pursuant to sections  
161 10a-22a to 10a-22o, inclusive, as amended by this act. Said account  
162 shall be used for the purposes of section 10a-22v. Any interest, income  
163 and dividends derived from the investment of the account shall be  
164 credited to the account. All direct expenses for the maintenance of the  
165 account may be charged to the account upon the order of the State  
166 Comptroller. The Commissioner of Higher Education may assess the  
167 account (1) for all direct expenses incurred in the implementation of  
168 the purposes of this section which are in excess of the normal  
169 expenditures of the Department of Higher Education for accounting,  
170 auditing and clerical services, and (2) for the fiscal years ending June  
171 30, 2000, and June 30, 2001, in an amount not to exceed one hundred  
172 seventy thousand dollars in each of such fiscal years for personnel and  
173 administrative expenses for the purposes of sections 10a-22a to  
174 10a-22o, inclusive, as amended by this act, provided such amount does  
175 not exceed the annual interest accrual, which shall be transferred to the  
176 appropriation of the Department of Higher Education for personal  
177 services and other expenses for positions and responsibilities relating  
178 to said sections, provided the department has expended all federal  
179 funds that may be available for personnel and administrative expenses  
180 for the purposes of said sections. After disbursements are made

181 pursuant to subdivisions (1) and (2) of this subsection, if the resources  
182 of the private occupational school student protection account exceed  
183 two million five hundred thousand dollars, no additional school  
184 assessments shall be made.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	10a-22b(c)
Sec. 2	<i>July 1, 2009</i>	10a-22d
Sec. 3	<i>July 1, 2009</i>	10a-22e(a)
Sec. 4	<i>July 1, 2009</i>	10a-22g(b)
Sec. 5	<i>July 1, 2009</i>	10a-22y
Sec. 6	<i>July 1, 2009</i>	10a-22u(a)

**HED**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill makes several changes to the fees assessed to private occupational schools, which conforms the law to current practice and does not result in a fiscal impact.

***The Out Years***

None



**OLR Bill Analysis****SB 812*****AN ACT CONCERNING FEES ASSESSED TO PRIVATE OCCUPATIONAL SCHOOLS.*****SUMMARY:**

This bill (1) increases the application fee and (2) establishes renewal and change of ownership fees that private occupational schools must pay to operate in the state. It also establishes an annual fee for hospital-based occupational schools authorized to operate in the state. In doing so, it conforms the law to current Department of Higher Education (DHE) practice.

The bill changes the process by which a private occupational school changing its ownership must revise its certificate of authorization.

And it requires that the Private Occupational School Student Protection Account contain, in addition to quarterly tuition assessments, any funds the private occupational school authorization laws require.

EFFECTIVE DATE: July 1, 2009

**PRIVATE OCCUPATIONAL SCHOOLS*****Application Fee***

The bill conforms the law to current practice by increasing the application fee, from \$2,000 to \$2,000 plus \$200 per branch school, for a private occupational school applying for an initial certificate of authorization to operate in the state. The fee continues to be payable to the Student Protection Account.

***Annual and Renewal Fees***

Under current law, a private occupational school must annually

pay, to the Board of Governors of Higher Education (BOG), a nonrefundable \$200 fee for the school and each of its branches as a condition of its reauthorization. The bill conforms the law to current practice by requiring the school to pay a nonrefundable \$200 renewal fee to the BOG for the school and each of its branches in addition to the annual fee. It makes the annual fee due and payable to the Student Protection Account for each year after the school's, or branch school's, initial period of authorization.

By law, a private occupational school's certificate of authorization must be renewed annually for the school's first four years, after which it may be eligible for an extended authorization of up to five years.

### ***Change of Ownership Process and Fee***

Under current law, a private occupational school that changes ownership must ask DHE for a revision to its certificate of authorization. The bill requires such schools to (1) reapply for authorization; (2) file with the commissioner an irrevocable letter of credit, in the amount of \$20,000, guaranteeing its payments to the Student Protection Account; and (3) pay a nonrefundable change of ownership fee of \$2,000 plus \$200 for each of its in-state branches.

## **HOSPITAL-BASED OCCUPATIONAL SCHOOLS**

### ***Annual Fee***

The bill conforms the law to current practice by requiring hospital-based occupational schools to pay a \$200 annual fee to the Student Protection Account for each year after the school's initial period of authorization. The law already requires these schools to pay a \$200 fee to this account upon renewal, in addition to quarterly tuition assessments on tuition revenue. By law, a hospital-based occupational school must renew its certificate of authorization with DHE every three years.

## **BACKGROUND**

### ***Student Protection Account***

This account is used to make tuition refunds to students who are

unable to complete a course at a private occupational school because the school becomes insolvent or ceases operating. It is funded by (1) quarterly assessments on private occupational schools' tuition revenues received from Connecticut students and (2) other fees related to the schools' operations.

**Related Bills**

sSB 767, reported by the Higher Education and Employment Advancement Committee, prohibits Student Protection Account funds from being used to refund federal student loans if a private occupational school becomes insolvent or ceases operating.

SB 766, reported by the Higher Education and Employment Advancement Committee, increases the amount of the letter of credit a new private occupational school must file with the DHE commissioner, requires it be issued by a bank with an office in the state, and extends the period of time the commissioner must hold the letter of credit.

**COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable

Yea 16      Nay 0      (02/17/2009)